

# **Iowa Communications Network Bill House File 2686**

*As Amended by the Senate*

Last Action:

**Senate Floor**

April 18, 2006

## **Executive Summary Only**

**An Act providing for technical and substantive changes relating to the Iowa communications network.**

**Fiscal Services Division  
Legislative Services Agency**

### **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

LSA Contact: Jennifer Acton (17846)

## **EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS**

## **HOUSE FILE 2686 AS AMENDED BY THE SENATE IOWA COMMUNICATIONS NETWORK BILL**

### ***SENATE AMENDMENT***

- Requires the ICN to pay back the original \$1.0 million in start up costs to the General Fund as follows: \$250,000 each year for FY 2008 and FY 2009, and the remaining \$500,000 within a reasonable time to be determined by the Iowa Telecommunications and Technology Commission.
- Requires a report summarizing the results of a review of the operation of the Fund by January 1, 2010. The report will also include the ICN's plan to repay the remaining \$500,000.

### **BILL AS PASSED BY THE HOUSE**

#### **BACKGROUND**

#### **IOWA COMMUNICATIONS NETWORK FUND**

- House File 2686 makes several technical and substantive changes regarding the operation of the Iowa Communications Network such as the ability to abolish advisory committees.
- House File 2686 allows the ICN to keep the interest earned by the balance in the ICN Fund rather than depositing the interest in the General Fund. The Fund was established to support ongoing operational needs and to facilitate cash flow requirements. Revenues, consisting of payments from ICN customers for services rendered, are used to pay for the expenses incurred by the Network.

#### **FISCAL IMPACT**

- The Bill allows the ICN Operations Fund to retain interest on its cash balance instead of allowing the interest to accrue to the General Fund. The average daily cash balance in the ICN Fund over the previous 12 months was \$6.2 million. Using an interest rate equal to the average of the 13 week and 10 year US treasury yields on March 18, 2006, the projected General Fund impact is a revenue reduction of \$296,000 per year.